

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name BRIDGEPORT COUNTY LIBRARY	County SAGINAW
Audit Date 12/31/04	Opinion Date 4/25/05	Date Accountant Report Submitted to State: 5/16/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

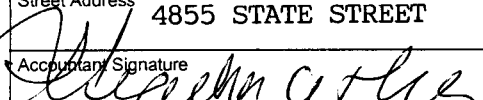
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) GARDNER, PROVENZANO, SCHAUMAN & THOMAS, P.C.			
Street Address 4855 STATE STREET	City SAGINAW	State MI	ZIP 48603
Accountant Signature 		Date HEATHER A. THOMAS, CPA	

BRIDGEPORT PUBLIC LIBRARY
Board of Trustees
December 31, 2004

William Cannon	President
Charles Booth	Vice-President
Denise Brush	Secretary
Marlene Muhlenkamp	Treasurer
Portia Brown	Trustee
Gerardo Gonzalez	Trustee

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Gardner | Provenzano Schauman & Thomas

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner
Giacamo Provenzano
James R. Schauman
Heather A. Thomas

INDEPENDENT AUDITOR'S REPORT

April 25, 2005

To the Board of Trustees
Bridgeport Public Library
Bridgeport, Michigan

We have audited the accompanying financial statements of the governmental activities of the Bridgeport Public Library as of December 31, 2004, which collectively comprise the Bridgeport Public Library's basic financial statements as listed in the table of contents, and for the year then ended. The financial statements are the responsibility of the Bridgeport Public Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and standards prescribed by the State Treasurer. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Bridgeport Public Library at December 31, 2004, and the results of its operations for the year then ended, in conformity with U.S. generally accepted accounting principles and with applicable rules and regulations of the State Treasurer.

To the Board of Trustees
Bridgeport Public Library
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The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

As described in the notes to the financial statements, the Library has implemented a new financial reporting model, as required by the provisions of GASB Statement No.34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of January 1, 2004.

Gardner, Provenzano, Schauman & Thomas P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

BRIDGEPORT PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2004

This section of the financial report presents our discussion and analysis of the Bridgeport Public Library's financial performance during the year ended December 31, 2004. It is meant to provide an overall review of the Library's financial activities and provide a look at its past and current financial position. Readers should also review the Library's financial statements, immediately following this section, to enhance their understanding of the Library's financial performance.

The Bridgeport Public Library is a special purpose government engaged in a single government program of providing library services. Certain comparative information between the current year and prior year is ordinarily required to be presented in the Management Discussion and Analysis. The Library has elected to exclude certain necessary comparative information from the prior year, as permitted by GASB Statement No.34 in the first year of adoption of the Statement. The Governmental Accounting Standards Board (GASB) is the accounting standard-setting body for governmental entities. Subsequent reports will include a prior year comparison of results, as required.

Using this Annual Report

This annual report consists of the following three parts:

Management's Discussion and Analysis (this section)
Basic Financial Statements
Required Supplemental Information

These statements are organized to help the reader understand the financial position of the Bridgeport Public Library as a whole. The Government-Wide Financial Statements provide information about the activities of the Library as a whole. The fund financial statements provide the next level of detail, providing more detailed information about the Library's General Fund. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by required supplemental information that supports and further explains the financial statements with a comparison of the Library's budget for the year.

Government-Wide Financial Statements

The Government-Wide statements are new and provide financial information of the Library as a whole. They report on the governmental activities of the Library, which includes most of the Library's basic services, including programming and technology. These activities are mostly funded by property taxes, penal fines and state shared revenue. These statements use the full accrual basis of accounting, similar to private sector companies. There are two Government-Wide statements: The Statement of Net Assets and the Statement of Activities.

BRIDGEPORT PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2004

Government-wide Financial Statements (continued)

The Statement of Net Assets includes all the assets and liabilities of the Library, whether short-term or long-term, and regardless of whether or not they are currently available. As a result, capital assets of the Library are included in this statement.

The Statement of Activities accounts for current year revenues regardless of when cash is received or paid, consistent with the full accrual basis method of accounting.

When analyzed together, these two statements help the reader determine whether the Library is financially stronger or weaker as a result of the year's activities. Both statements report the Library's net assets, which is the difference between the Library's assets and liabilities. The change in net assets is one way to measure the Library's financial health or position. Over time, increases and decreases in the Library's net assets are an indicator of whether the Library's financial health is improving or deteriorating. However, the Library's goal is to provide services to our patrons, not generate profits as in the private sector. As a result, other non-financial factors should be considered in assessing the overall health of the Library. Such factors would include the condition of the Library's building and the property tax base of the library.

Fund Financial Statements

The fund financial statements focus on providing more detailed information about the major funds of the Library and not on the Library as a whole, as reported in the Government-Wide statements. The fund level statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources. The fund statements provide a detailed short-term view of the Library's operations and help in determining whether there are more or less financial resources available in the near future to finance the Library's programs and services provided.

In general, the fund financial statements have changed very little as a result of GASB 34 requirements and are relatively comparable to the prior year financial statements. The primary difference is that the Account Group General Fixed Assets is no longer reported.

BRIDGEPORT PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2004

Fund Financial Statements (continued)

Summary of Net Assets

Governmental Activities

Assets

Current assets	\$	629,345
Capital assets		516,557
Total Assets		<u>1,145,902</u>

Liabilities

Current liabilities		<u>279,948</u>
Total Liabilities		<u>279,948</u>

Net Assets

Capital assets		516,557
Unrestricted		349,397
Total Net Assets	\$	<u>865,954</u>

The net assets for the Library were \$865,954 at December 31, 2004. The largest portion of the Library's assets consist of investment in capital assets. The remainder of net assets is unrestricted and will be used to fund future programming.

Statement of Net Assets Operating Results

Revenues

General revenues		
Current property taxes	\$	268,166
State revenue		18,762
Penal fines		53,752
Interest earned		5,303
Other		13,251
Total Revenue		<u>359,234</u>

Expenses

Library services		<u>296,392</u>
Change in net assets		62,842
Net assets-Beginning		803,112
Net assets-Ending	\$	<u>865,954</u>

As shown above, the net assets for the Library increased by \$62,842 during the year.

BRIDGEPORT PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2004

Fund Financial Statements (continued)

The Statement of Activities presented later provides greater detail on the Library's activity. The cost of providing Library services this year was \$296,392. The amount financed through property taxes was \$268,166.

Local Property Tax History

<u>Fiscal Year Revenue</u>	<u>% of Revenue</u>	<u>Local Property Tax</u>
2004	75%	\$ 268,166
2003	71%	266,893
2002	62%	171,817
2001	58%	160,107
2000	54%	155,573

Local property tax revenues in the table include the receipt of delinquent taxes from prior years.

Budgetary Highlights

The Library added \$39,634 to its fund balance this year. This exceeds our expectation of a balanced budget. This was due in part to a recalculation of property tax revenue in the amount of \$21,165. Although the gain in revenue was partially offset by a decline in projected penal fine income of \$11,428, the decreases in the amounts expended on fees and library materials contributed another \$18,500 to the fund balance.

Budget Adjustments First Vs. Final Budget

The significant midyear budget adjustments included an increase to the tax revenue of \$21,165 and a decrease in the penal fine revenues of \$11,428. Expenditures for books were also decreased by \$5,000. Other end of the year budget adjustments of significance included an increase of \$2,330 for the employer retirement contribution. This reflected a one time charge of \$1,500 to switch retirement plan carriers and the increased cost of including another employee who attained full-time status, thus qualifying for inclusion in the retirement plan. The budget for book purchase was decreased by \$4,000, as it became apparent that staff would not be purchasing as many titles as expected.

Budget Variance Final Vs. Actual

The library board entered into a planning process with an architectural firm to develop a design for a building addition. The \$24,822 spent on this effort occurred prior to the establishment of a building committee and capital fund, as a result, those expenditures were reflected in the operating budget.

BRIDGEPORT PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2004

Capital Assets

At the end of the year, the Library had \$516,557 invested in capital assets as follows:

Construction in progress	\$ 24,822
Land	7,000
Land improvements	15,481
Building	509,641
Building improvements	6,608
Equipment	24,740
Collection	880,605
Total capital assets	<u>1,468,897</u>
Less: Accumulated depreciation	<u>(952,340)</u>
Governmental activities Capital assets, net of depreciation	<u>\$ 516,557</u>

The Library added \$40,347 in additions to the collection. The Library also expended \$24,822 towards a building addition.

Revenue Threats

The penal fine revenue income will most likely continue to decline as the establishment of parallel ordinances and restrictive legislation further erode the amount of monies allocated for library support.

As the Downtown Development Authority increases in scope, the Library will face additional tax captures that will reduce property tax revenue.

The termination of the Single Business Tax Inventory Reimbursement Act in 2008 will further reduce revenues, although the \$4,892 annual receipt accounts for only 1% of revenues.

Request for Information

This report is designed to provide a general overview for anyone interested in the Library's finances. Questions concerning this report should be addressed to:

Library Director
Bridgeport Public Library
3399 Williamson Road
Bridgeport, MI 48722

BASIC FINANCIAL STATEMENTS

Bridgeport Public Library
Governmental Fund Balance Sheet Statement of Net Assets
December 31, 2004

	General Fund, Modified Accrual Basis	Adjustments	Statement of Net Assets
<u>Assets</u>			
Cash	\$ 305,808	\$ -	305,808
Cash, memorial	2,640	-	2,640
Investments	57,151	-	57,151
Taxes receivable	253,384	-	253,384
Prepaid expense	10,362	-	10,362
Capital assets	-	516,557	516,557
Total Assets	<u>\$ 629,345</u>	<u>\$ 516,557</u>	<u>\$ 1,145,902</u>
<u>Liabilities</u>			
Liabilities			
Accounts payable	\$ 809	\$ -	\$ 809
Accrued payroll taxes	2,589	-	2,589
Deferred revenue	276,550	-	276,550
Total Liabilities	<u>279,948</u>	<u>-</u>	<u>279,948</u>
Fund Balance/Net Assets			
Fund Balance			
Designated	24,409	(24,409)	-
Undesignated, unreserved	324,988	(324,988)	-
Total Fund Balance	<u>349,397</u>	<u>(349,397)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 629,345</u>		
Net assets:			
Investment in capital assets			516,557
Unrestricted			349,397
Total Net Assets			<u>\$ 865,954</u>

The accompanying notes are an integral part of these financial statements.

Bridgeport Public Library
Reconciliation of Balance Sheet of Governmental Fund To Statement of Net Assets
December 31, 2004

Total Fund Balances - Governmental Funds	\$ 349,397
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Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets are not financial resources, and are not reported in the funds	516,557
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Total Net Assets - Government-Wide	<u>\$ 865,954</u>
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The accompanying notes are an integral part of these financial statements.

Bridgeport Public Library
Statement of Governmental Revenue, Expenditures, and Changes
in Fund Balance/Statement of Activities
For the Year Ended December 31, 2004

	General Fund, Modified Accrual Basis	Adjustments	Statement of Activities
<u>Revenue</u>			
Current property taxes	\$ 268,166	\$ -	\$ 268,166
State revenue	18,762	-	18,762
Telephone	560	-	560
Book fines and fees	7,016	-	7,016
Penal fines	53,752	-	53,752
Interest earned	5,303	-	5,303
Copy machine	2,094	-	2,094
Video rental	2,000	-	2,000
Other	1,581	-	1,581
Total Revenue	<u>359,234</u>	<u>-</u>	<u>359,234</u>
<u>Expenditures</u>			
Salaries	132,997	-	132,997
Payroll taxes	10,174	-	10,174
Retirement	6,330	-	6,330
Employees benefit	15,552	-	15,552
General insurance	2,701	-	2,701
Office supplies	4,797	-	4,797
Postage	1,694	-	1,694
Dues and fees	15,276	-	15,276
Dynix cost	12,488	-	12,488
Telephone	1,585	-	1,585
Utilities	11,377	-	11,377
Repairs & maintenance	17,807	-	17,807
Programs	2,075	-	2,075
Professional fees	2,669	-	2,669
Other	3,539	-	3,539
Periodicals	4,028	-	4,028
Capital outlay			
Books & cassettes	40,347	(40,347)	-
Furniture & equipment	9,342	(8,040)	1,302
Building project	24,822	(24,822)	-
Depreciation	-	50,001	50,001
Total Expenditures	<u>319,600</u>	<u>(73,209)</u>	<u>296,392</u>
Excess (deficit) of revenues over expenses/Change in Net Assets	39,634		62,842
Fund Balances/Net Assets Beginning	309,763		803,112
Fund Balances/ Net assets Ending	<u>\$ 349,397</u>	<u>\$ -</u>	<u>\$ 865,954</u>

Bridgeport Public Library
Reconciliation of Statement of Revenue, Expenditures, and Changes in
Fund Balances of Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2004

Net Change in Fund Balances - Governmental Funds	\$ 39,634
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Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	73,209
Depreciation	(50,001)

Change in Net Assets-Governmental-wide	<u>\$ 62,842</u>
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The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

BRIDGEPORT PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Significant Accounting Policies

The Reporting Entity

The Bridgeport Public Library was established in 1980, under Public Act 164 of 1877, as amended. An independently elected board of six trustees sets policy, plans for future direction, and takes responsibility for the overall operations of the Library.

The criteria established by NCGA for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special relationships. On this basis, the financial statements of the Library are not included in other governmental entities.

The financial statements of the Bridgeport Public Library have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to the Library. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies are described below.

Government-Wide and Fund Financial Statements

The Government-Wide financial statements (i.e. the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the activities of the Library. Governmental activities, normally supported by taxes and inter-governmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. At this time, the Library has no business type activities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Government-Wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

BRIDGEPORT PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Library reports only one fund as follows:

- The General Fund is used to record the operations and maintenance of the Library. Included are all transactions related to the approved current operating budget.

Assets, Liabilities and Equity

Cash and investments – The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of 3 months or less when acquired. Investments are stated at fair value based on a quoted market price. Certificates of deposit are stated at cost which approximates fair value.

Receivables and payables – Property tax receivables are shown as gross amounts since uncollectible personal property taxes are undeterminable at year end and the County settles for all real property taxes.

Property tax is levied each December 1, on the Taxable Value of Bridgeport Township personal and real property. It is the policy of the Board of Trustees to recognize revenues from the current property tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for financing library operations. The amount levied in 2003 for the 2004 library operations was 1.5 mills.

Prepaid items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

BRIDGEPORT PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Capital assets – The Library defines capital assets as assets with an initial individual cost of more than \$1,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The Library does not have infrastructure assets. Capital assets are depreciated using the straight-line method over the following useful lives:

Building and building improvement	20 to 50 years
Furniture and equipment	5 to 10 years
Collections	2 to 3 years

Deferred revenue – Property taxes levied in 2004 for the 2005 operations are recognized as deferred revenue.

Fund equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

NOTE 2--Budgetary Policies and Data

The State of Michigan adopted a Uniform Budgeting and Accounting Act (ACT) applicable to all local governmental entities in the State. The law requires appropriation acts to be adopted for the General Fund.

The Board adopts appropriation utilizing the modified-accrual basis of accounting for all governmental funds. The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis. A library is not considered to be in violation of the Act if reasonable procedures are in use by the library to detect violations.

BRIDGEPORT PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 2--Budgetary Policies and Data (continued)

The Bridgeport Public Library uses these procedures in establishing the budgetary data reflected in the financial statements:

1. The Library Director submits to the Board a proposed budget by January 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The Library Director is authorized to transfer budgeted amounts between functions; however, any revisions that alter the total expenditures of any fund must be approved by the Board.
4. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Encumbrance accounting is employed in the General Fund. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

NOTE 3--Capital Assets

A summary of the changes in capital assets is as follows:

	December 31, 2003	Additions	Deletions	December 31, 2004
<u>Governmental activities:</u>				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 24,822	\$ -	\$ 24,822
Land	7,000	-	-	7,000
Total capital assets not being depreciated	7,000	24,822	-	31,822
Capital assets being depreciated				
Land improvements	15,481	-	-	15,481
Building	509,641	-	-	509,641
Building improvements	6,608	-	-	6,608
Equipment	16,700	8,040	-	24,740
Collection	840,258	40,347	-	880,605
Total capital assets being depreciated	1,388,688	73,209	-	1,437,075
Less: Accumulated depreciation	(902,339)	(50,001)	-	(952,340)
Governmental activities Capital assets, net of depreciation	\$ 493,349	\$ 23,208	\$ -	\$ 516,557

BRIDGEPORT PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 4--Deposits and Investments

The library is authorized, by the State of Michigan, to deposit its funds in banks, savings and loan associations, or credit unions having a principal office in Michigan.

The library is also authorized by the State of Michigan to invest in the following:

- a. U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and U.S. Treasury STRIPS
- b. TINTS-Treasury Interest Securities
- c. PRINS or STRIPS-Treasury Principal Securities
- d. Certificates of Deposits, Saving Deposit Receipt and Savings Accounts,
- e. Commercial Paper-short term unsecured debt obligation issued by a bank holding company, finance company, utility or industrial company to raise short-term cash
- f. Repurchase Agreements
- g. Banker's Acceptance
- h. Investment Pools

Cash and investments of \$311,747 and \$57,151, respectively are held at federally insured financial institutions. The FDIC insures up to \$100,000 in deposits. However, separately named accounts of a governmental entity in a single financial institution may not necessarily be treated as separate deposits for purposes of applying the \$100,000 limit.

A summary of those deposits is as follows:

	Total	Insured	Collateralized	Uncollateralized Uninsured
Cash	\$ 311,747	\$ 126,704	\$ -	\$ 185,043
Investments	57,151	-	-	57,151
	<u>\$ 368,898</u>	<u>\$ 126,704</u>	<u>\$ -</u>	<u>\$ 242,194</u>

NOTE 5--Fund Balance-Designated

The fund balance has been designated at December 31, 2004 as follows:

	2004
Building Fund	\$ 24,064
Capital expenditures	345
	<u>\$ 24,409</u>

BRIDGEPORT PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 6--Pension Expense

The Bridgeport Public Library Retirement Plan, which is a non-qualified 403(b) defined contribution plan, provides pension benefits for qualifying employees. The plan is administered by the Library's Board of Trustees. Under the plan, employees who work more than or equal to 40 hours per week are eligible to participate. Those employees can elect to make deferred compensation payments to the plan upon their employment commencement date. To be eligible to receive employer contributions to the plan, an employee must be 18 years old or older. Contributions to the plan are made at the discretion of the Board of Trustees. Plan provisions and contribution requirements are established and may be amended by the Bridgeport Library Trustees.

The Bridgeport Public Library made contributions of \$6,300 on behalf of the employees for the year ending December 31, 2004.

NOTE 7--Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. During the year ended December 31, 2004, the Library carried commercial insurance for the above listed risks of loss.

NOTE 8--GASB Pronouncements Adoption and Restatement

As of and for the year ended December 31, 2004, the Library implemented the following Governmental Accounting Standards Board pronouncements:

Statements

- *No.34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*
- *No.37 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*
- *No.38 – Certain Financial Statement Note Disclosures*

Interpretations

- *No.6 – Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*

As a result of implementing the GASB 34 statement, the following restatements were made to the beginning balance of net assets.

As of January 1, 2004	
Fund Balance	\$ 309,763
Capital Assets	1,395,688
Accumulated Depreciation	(902,339)
Net Assets, Restated	<u>\$ 803,112</u>

REQUIRED SUPPLEMENTAL INFORMATION

Bridgeport Public library
Budgetary Comparison-General Fund
For The Year Ended December 31, 2004

	Budget Amounts			Actual Over (Under) Budget
	Original	Final	Actual	
Revenue				
Current property taxes	\$ 247,000	\$ 268,165	\$ 268,166	\$ 1
State revenue	15,892	18,761	18,762	1
Telephone	750	550	560	10
Book fines and fees	5,200	7,000	7,016	16
Penal fines	65,000	53,752	53,752	-
Interest earned	5,000	5,000	5,303	303
Copy machine	2,300	2,100	2,094	(6)
Video rental	2,000	2,000	2,000	-
Other	3,000	1,000	1,581	581
Total Revenues	346,142	358,328	359,234	906
Expenditures				
Salaries	135,000	133,000	132,997	(3)
Payroll taxes	10,600	10,175	10,174	(1)
Retirement	4,000	6,330	6,330	-
Employees benefit	17,200	14,378	15,552	1,174
General insurance	3,500	2,700	2,701	1
Office supplies	7,000	5,000	4,797	(203)
Postage	3,000	1,700	1,694	(6)
Dues and fees	19,617	15,236	15,276	40
Dynix cost	15,000	12,488	12,488	-
Telephone	2,000	1,585	1,585	-
Utilities	12,000	10,248	11,377	1,129
Repairs & maintenance	18,250	18,038	17,807	(231)
Printing	600	-	-	-
Programs	3,000	2,075	2,075	-
Professional fees	3,000	2,838	2,669	(169)
Other	2,700	2,131	3,539	1,408
Periodicals	4,500	4,028	4,028	-
Capital outlay				
Books & cassettes	52,500	41,227	40,347	(880)
Furniture & equipment	10,000	9,342	9,342	-
Building project	-	-	24,822	24,822
Total Expenditures	323,467	292,519	319,600	27,081
Excess (deficit) of revenues over expenses	22,675	65,809	39,634	(26,175)
Fund Balances, Beginning	309,763	309,763	309,763	-
Fund Balances, Ending	\$ 332,438	\$ 375,572	\$ 349,397	\$ (26,175)



**Gardner | Provenzano
Schauman & Thomas**

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner
Giacamo Provenzano
James R. Schauman
Heather A. Thomas

April 25, 2005

Board of Trustees
Bridgeport Public Library
Bridgeport, Michigan

In planning and performing our audit of the financial statements of Bridgeport Public Library for the year ended December 31, 2004, we considered the Library's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency.

Budget

We noted the operations budget did not include a budgeted amount for the expenditures for the building addition. We understand the Board felt the expenditures were not part of the normal operations of the Library and therefore did not include the expenditures in the operations budget. However, until a Capital Projects fund has been established through Board resolution, the board should budget for all expenditures related to the building project in the operations budget. After a capital projects fund has been established, if the general fund subsidizes the project, a transfer to the Capital Projects fund should be included in the operations budget.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with your Director, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

Gardner, Provenzano, Schauman & Thomas P.C.

Gardner, Provenzano, Schauman & Thomas P.C.